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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

◆ **Wheat.** All wheat production totaled 2.56 billion bushels in 1998, up 1% from 1997. Acreage harvested dropped 7% from last year. The U.S. average yield was a record high 43.3 bushels per acre, up 3.6 bushels from last season. All wheat in all storage positions September 1 was estimated at 2.38 billion bushels, up 15% from a year earlier and the highest September 1 stocks since 1990. Market year prices are expected to average between \$2.60 and \$2.80, compared with \$3.38 for the 1997 crop.

◆ **Corn.** The November forecast for 1998 corn production is 9.84 billion bushels, up 5% from 1997. Based on November 1 conditions, yields are expected to average 133.3 bushels per acre. Old crop corn stored in all positions on September 1 was estimated at 1.31 billion bushels, up 48% from a year earlier. A market year average price between \$1.80 and \$2.20 a bushel is expected for the 1998 crop, compared with \$2.43 last year.

◆ **Soybeans.** The 1998 soybean crop is forecasted at a record high 2.76 billion bushels, 2% above the previous record set in 1997. The yield forecast, at 38.6 bushels per acre, is down slightly from last month and is 0.2 bushel below the 1997 yield. Old crop soybeans stored in all positions on September 1 totaled 200 million bushels, up 52% from last year. The market year average price is projected between \$5.15 and \$5.75 per bushel, compared with \$6.48 for the 1997 crop.

◆ **Cotton.** U.S. 1998 all cotton production is forecasted at 13.5 million bales, up nearly 2% from November but down 28% from 1997. Yield is expected to average 621 pounds per acre, down 59 pounds from last year. Texas production was increased 300,000 bales from November's forecast.

◆ **Rice.** U.S. rice production is forecasted at 180 million cwt, up 1% from 1997. If realized, this would be the third highest production on record. The market year average price is expected to average between \$9.00 and \$9.50 per cwt compared to \$9.64 per cwt for the 1997/98 crop.

◆ **Other Crops.** The **Durum Wheat** crop, at 141 million bushels, was up 64% from last year. The **Other Spring Wheat** crop, at 529 million bushels, was down 5% from a year ago. **Barley** production was estimated at 358 million bushels, 4% below 1997. **Grain Sorghum** for November 1 is forecasted at 521 million bushels, down 20% from 1997. **Fall potato** production is up 3% and December 1 stocks are up only 1% from last year. The **peanut crop** is expected to be up 5% from last year, **pecan** production down 54%, **all tobacco** down 13%, and **burley tobacco** down 3%. All **orange** production forecast for 1998-1999 remains at 11.0 million tons, down 21% from last year's record-large crop.

◆ **Cattle.** December 1 **cattle on feed** in U.S. feedlots with capacity of 1,000 or more head totaled 11.03 million head, down 4% from a year earlier. Placements were down 7% from the previous year. Marketings of fed cattle were 2% higher than November 1997. At mid-December, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$61 per cwt. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$69 per cwt in mid-December, up slightly from mid-November. Prices are expected to improve during 1999 as supplies decrease with the downturn in the cattle cycle.

◆ **Hogs.** Hog slaughter during recent weeks has been running about 10% above a year ago, heavier than expected. How much of the increased slaughter is due to herd liquidation is unknown at this time. Prices at mid-December (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$10 per cwt, down about \$7 from mid-November, and the lowest prices since the Great Depression.

◆ **Other Livestock.** November **milk production** was up 3.0% from the previous year. Production per cow increased 2.8%; however, the number of cows was almost unchanged from November 1997. The November **Basic Formula Price (BFP)** was a record \$16.84 per cwt, up 80 cents from October. **Cheddar cheese prices** (U.S. 40 pound blocks, wholesale) increased 0.6 and 0.1 cents for the first and second weeks of December, respectively. This suggests that the December BFP will likely increase. During October, total **cheese** production was 2.4% above the previous year, **butter** production was down 2.6%, and **nonfat dry milk** production was down 3.1%. The number of **table egg layers** in U.S. flocks on hand December 1 was 2% above a year earlier. November **table egg production**, at 5.69 billion eggs, was up 2% from

a year ago. Wholesale market **egg prices** for the 4th quarter of 1998 are expected to average 82-83 cents per dozen, in line with the 88.2 cents received a year ago. First quarter of 1999 market egg prices (Grade A large, New York) are expected to average 73-77 cents per dozen, compared with 79.0 cents a year ago. For the week ending December 12, cumulative **broiler placements** for 1998 in the 15 selected states were 6.79 billion, up 1% from the same period a year earlier. Weekly broiler placements were up 4% from the same week a year earlier. The wholesale 12-city average price for whole broilers for the 4th quarter is expected to be 63-64 cents, compared with 54 cents for the 4th quarter of last year. First quarter of 1999 broiler prices are expected to average 57-59 cents per pound, slightly more than the 56.4 cents received a year earlier. Cumulative **turkey poult placements** for the 1999 marketing year were 8% less than the same period a year ago. Placements in November were 4% less than November 1997. Prices (8-16 lb hens, Eastern Region) for the 4th quarter of 1998 are expected to be in the 70-71 cent range compared with 66.5 cents for the 4th quarter last year. Turkey prices for the first quarter of 1999 are expected to average 55-57 cents per pound, compared with the 55.1 cents average for the first quarter of 1998. **Supplies in refrigerated warehouses** the end of November compared with a year earlier were: chicken up 6%, turkeys down 32%, pork up 32%, beef down 13%, cheese up 4%, and frozen orange juice up 30%.

◆**Trade. Trade.** December U.S. **trade projections** for corn, beef, and pork improved while 1998/99 export prospects for cotton and broilers declined, compared with last month. Wheat, rice, soybeans, and turkeys were unchanged from November. December projections for the volume of exports for the 1998/99 marketing year compared to 1997/98 are: **wheat** up 11%; **corn** up 13%; **rice** unchanged; **soybeans** down 4%; **soybean meal** down 9%; **soybean oil** down 12%; and **cotton** down 43%. December projections for the volume of meat exports in calendar 1999 compared to 1998 are: **beef** up 8%; **pork** up 10%; **broilers** down 3%; and **turkeys** up slightly. The U.S. **trade** deficit for goods and services decreased to \$14.2 billion in October from a revised \$14.4 billion in September. The U.S. **agricultural trade** surplus was \$1.74 billion in October, up from \$550 million in September.

◆**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, was unchanged in November but has increased 1.5% over the last 12 months. The **PPI** increased 0.2% in November. This followed an increase of 0.2% in October. For the 12-month period ending in November, the PPI decreased 0.7%. The November **prime rate**, averaging 7.84%, was down from 8.12% in October. Compared to a year earlier, **feed** prices in November were down 23%; **feeder livestock and poultry** prices down 10%; **fertilizer** down 7%; **ag chemicals** up 0.8%; **farm machinery** up 2%; **seeds** up 2%; and **fuels** down 25%.

◆**World Weather and Crop Developments** (December 6-12). Stormy weather further increased protective snow cover in the **former Soviet Union**. Cold weather kept winter grains dormant in most areas of **Europe**. In central and southern Spain, prolonged dryness has limited moisture available for winter grain development. Additional rain is needed to ensure uniform crop emergence and establishment. Winter grain harvest advanced in southeast **Australia**. Summer crop harvesting and winter planting made good progress in most areas of South Asia. Scattered showers and seasonable warmth maintained favorable prospects for corn and other summer crops in South Africa. Typhoon Faith struck the central Philippines, causing flooding and slowing sugarcane and main-season rice harvesting, but increasing moisture supplies for second-season grains. Timely rain benefited soybean planting and germination in **Rio Grande do Sul, Brazil**, and **central Argentina**. In the U.S. winter wheat growth ended in the Great Plains and Corn Belt as temperatures fell to more seasonable levels. Across the northern Plains and upper Mississippi Valley, winter kill was not an immediate threat, as temperatures remained well above normal. Seeding of small grains and winter forages continued in California, but were hampered by wet soils in many areas. Poor drying conditions hampered cotton harvesting in the Central Valley, and the lint quality was declining in unharvested fields. Vegetable harvest activity was slowed by frost, but citrus fruit and nut harvest was active. Cold overnight temperatures did little or no damage to fruit crops. In Texas, small grain growth was slowed in the Plains by freezing temperatures and snow. Cotton growth ended following the hard freeze and harvest, temporarily halted by snow, resumed late in the week. Grain sorghum and peanut harvests were nearly complete by the end of the week in the Plains. In the South Central region of Texas, the final peanut harvest was hampered by wet fields. Hot, dry weather continued to delay small grain emergence in the Southeast, where soil moisture continued to be short.

◆**Other News. U.S. Agricultural Outlook (ERS).** U.S. farm income will decline 7% in 1999 due to lower commodity prices, especially for hogs. Lower production expenses and additional government payments authorized by recent legislation will help to limit the decline. Economic crises in Asia and Russia have combined to depress U.S. poultry export projections for 1998 and 1999, especially for **broilers**. The 1998 broiler export estimate is expected to be down 4% with a further reduction of 2% in 1999. Because the export market impact has been on dark meat, which represents only 25-35% of the value of a broiler, the strength of the domestic market has offset potential negative effects on profitability. The U.S. green industry—producers of indoor and outdoor **flowers and plants**—has seen cash receipts rise an average \$500 million per year for more than a decade despite a steady loss of domestic market share to foreign growers. The recent agreement between the **tobacco** industry and State Attorneys Generals requiring manufacturers to pay \$206 billion to states over a 25-year period will have an inflationary effect on cigarette prices—the wholesale price of cigarettes, including tax, has already gone up nearly 50% since January 1998. Cigarette consumption is expected to decline, curbing demand for tobacco leaf and reducing marketing quota levels. Nearly 29%, or \$60 billion, of crops and livestock produced by U.S. farmers were grown or **sold under contract** in 1997.
